

## The Church As An Organization

**Churches are first and foremost, assemblies of believers in Jesus Christ who are committed to express their faith and carry out the mandates of the Christian faith through their assembly. To accomplish their mission in an effective and efficient manner, Baptist Churches normally choose to organize themselves with a variety of governing documents. The following terms and definitions are provided in this form to assist churches in understanding the various ways in which churches may be organized. This list is not meant to be comprehensive and provides no legal advice. Any church seeking to organize anew or restructure their organization should seek the assistance of competent legal counsel, experienced in the area of Not-for-Profit incorporation and Church polity.**

### **Mission Church**

This is a traditional term which indicates that the mission church is under the authority and direction of a “Mother” church. Normally, the mother church has some control over the financial operation of the mission, supervises the pastor and leads in the decision making process of the church. Traditional Baptist polity would hold that the members of the “mission” are actually members of the mother church and subject to the constitution and by-laws of the mother church. Any liabilities created by the mission would normally be considered the responsibility of the mother church, unless documented facts and circumstances dictated otherwise. Mother churches should notify their insurance carrier of any mission churches that begin or adopt.

### **Sponsoring Church**

This is a broad term which has been adopted by Churches who choose to affiliate with a new Church Start or Plant. Normally, there exists between the two Churches an agreement which documents the responsibilities of each towards the other. Often the Sponsoring Church will provide financial assistance, leadership and counsel to the new church. However, the new church is an independent Church and makes its own decisions, has its own governing documents and will normally handle its own finances.

### **Constituting as a Church**

This is the point at which a mission becomes independent of the mother church. Normally, the church holds a special service and receives its charter members. A church may also constitute at its inception. In either case, the act of constituting is accomplished through the development of a constitution.

### **Incorporation**

This is a legal form of organizational structure based on the laws of the state of Tennessee. A church may be incorporated as a mission but normally, a church incorporates after or at the same time it constitutes. Incorporation involves filing a Charter with the Secretary of State and developing a set of bylaws upon the church operates. The church must also act like a corporation. To understand the incorporation process and how the church should function as a corporation, go to this webpage <http://www.tnbaptist.org/page.asp?page=83> and download the booklet on Church Incorporation.

## **Charter**

This is the legal document that a church files with the Secretary of State during the incorporation process. The document includes the legal name of the church, defines the nature of the organization as a not-for-profit religious organization and commits the assets of the corporation to the tax-exempt purposes of the corporation for perpetuity. Under corporate law, this document serves the same purpose as a constitution.

## **Constitution**

This is the document which the church adopts when it is constituted. The constitution reflects the fundamental essence of the church and its organization. The tenants of the Constitution should be limited to those items which would be changed only in the rarest of circumstances. Normally, the church constitution will include the following:

- 1) The mission statement of the Church
- 2) The legal name of the Church.
- 3) A statement of faith and practice
- 4) A statement of denominational affiliation
- 5) A general statement on the polity of the church.
- 6) A provision for changing the constitution which would require a super majority vote of the congregation and perhaps even multiple votes.

## **Bylaws**

This document contains the provisions upon which the church operates. Bylaws are subservient to the Constitution and will normally be modified as a church grows and moves through various life cycles. However, bylaws should be limited to operational processes, but not move on to policies. It should include the procedures for conducting the business of the church including the following:

- 1) Process for calling the pastor and other staff
- 2) Process for electing deacons, church leadership and committees
- 3) Process for financial and budget operations of the church
- 4) Process for amending the Bylaws.

## **Policies and Procedures**

These documents detail various policies of the church and are often organized by various areas of ministry within the church such as personal, building and grounds, financial, committee descriptions, etc. They are the easiest to change of all of the documents, with either a simple majority of the congregation or even having various committees empowered to update policies as necessary.

## **501(c)(3) Exemption**

This is exemption under Federal law that allows a church to be exempt from Federal Income Taxes and allows donors to get charitable contribution credits for their donations to the organization. Churches are automatically exempt under the law without doing anything. However, it is often useful to have an exemption letter from the IRS stating that you are an exempt organization. All churches that are affiliated with the Tennessee Baptist Convention fall under the group exemption issued to the Tennessee Baptist Convention and all of our affiliated churches. If a church is affiliated with the Tennessee Baptist Convention it can request a copy of that exemption letter from my office. Affiliated churches are those that “contribute financially to the Convention or its agencies in the fiscal year immediately preceding the annual meeting of the Convention and subscribe to and support the principles, programs, and policies of the Convention.” (Constitution of the Tennessee Baptist Convention).

**Federal Employer Identification Number (FEIN)**

This is a number assigned by the IRS to individual organization for use in recording information about employees. You may request a FEIN online by going to [www.IRS.gov](http://www.IRS.gov). It is a fairly simple form and you will get a FEIN immediately online. You will need this when you begin making payments to any ministerial or non-ministerial staff.

**State Sales Tax Exemption**

Tennessee exempts religious organizations from paying sales tax on any items. To utilize this exemption, you must have a sales tax exemption certificate from the Tennessee Department of the Treasury. You will need to contact them directly to get the application forms. You will need to have your 501(c)(3) exemption letter to submit with your application.